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August 27, 2008

**PARTIES OF RECORD**

RE: Case No. 2008-00169  
**INTERCONNECTION AND NET METERING GUIDELINES FOR ELECTRIC  
SUPPLIERS AND QUALIFYING CUSTOMER-OWNED GENERATORS**

Enclosed please find a memorandum that has been filed in the record of the above referenced case for the Informal Conference held on August 18, 2008. Any comments regarding this memorandum's content should be submitted to the Commission within five days of the receipt of this letter. Questions regarding this memorandum should be directed to Richard Raff at 502-564-3940, extension 263.

Sincerely,

A handwritten signature in black ink that reads "Stephanie L. Stumbo".

Stephanie L. Stumbo  
Executive Director

Attachments

## INTRA-AGENCY MEMORANDUM

### KENTUCKY PUBLIC SERVICE COMMISSION

**TO:** Main Case File - Case No. 2008-00169

**FROM:** Aaron Greenwell, Team Leader

**DATE:** August 27, 2008

**SUBJECT:** Informal Conference, August 18, 2008

Pursuant to Commission Order, an informal conference ("IC") was held in this matter on August 18, 2008 at the Commission's offices. Copies of the IC attendance list and the conference agenda are attached. A copy of the supplemental comments of the intervenors which was distributed at the conference is also attached.

This was the second IC held on this matter. The primary purpose of these ICs has been for the jurisdictional electric utilities and the non-utility parties to work collaboratively in order to reach a consensus on interconnection and net metering guidelines to comply with the requirements of Senate Bill 83, enacted by the General Assembly during the 2008 Regular Session. The specific purpose of the current IC was to discuss the first draft of the interconnection and net metering guidelines developed by the jurisdictional electric utilities and the comments on the draft provided by the non-utility parties.

The IC began with the representatives of the utilities providing a brief presentation of the draft guidelines. It continued with a discussion of the intervenors' concerns, which had been submitted electronically on August 8, 2008. A brief response to each concern was provided by representatives of several utilities. A very brief discussion of the supplemental concerns followed. The IC ended with a discussion regarding specific dates for follow up. Those dates are identified below:

Friday, August 29, 2008 – Revised draft guidelines are to be provided to all parties by the jurisdictional electric utilities.

Friday, September 5, 2008 – A third IC will be held at 10:00 a.m. in Hearing Room No. 1 to discuss the revised draft guidelines.

The IC was then adjourned.

Attachments:

Case No. 2008-00169

Interconnection and Net Metering Guidelines for  
Retail Electric Suppliers and Qualifying Customer-Owned Generators

Informal Conference, Monday, August 18, 2008

Agenda

1. Opening Remarks and Introduction – Commission Staff
2. Utility presentation of proposed Net Metering and Interconnection Guidelines
3. Discussion of Intervenors' concerns
4. Wrap up. Follow-up questions. Additional procedural issues.



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**SUPPLEMENTAL COMMENTS OF INTERVENORS**  
**REGARDING INDUSTRY DRAFT NET METERING GUIDELINES**

General Comment:

The intent of SB 83 was to expand net metering and to *encourage* more customers to become customer – generators.

The effect of the proposed utility draft will be just the opposite, since it imposes unnecessary costs and impediments that are neither justified by experience or best practices within the field, nor sanctioned by statute.

It will take a shift in industry viewpoint – from net metering being an imposition or an annoyance, to recognizing that a robust net metering program will help to defer the necessity for new capital construction, better engage the customer as a partner, and provide an inexpensive source of peak power during times of peak demand. IREC scored the proposal against the criteria in “Freeing the Grid,” and for both interconnection and net metering, the proposal scored an “F.”

Specific supplemental comments follow, referenced by section:

**Availability.**

1. The customer should not have to own the generation system in order to be eligible. Such a requirement would deny Kentucky citizens possible access to federal subsidies available to citizens in other states.

Third-party ownership allowed the Kentucky customer to access the tax credits and depreciation that can be used by a commercial business. Companies like SunRun and SolarCity in California are installing systems on residential rooftops, getting roughly 60%

The 20-day “target,” which is not a firm date, is too long. A ten-business day firm schedule, with notice to the customer and Commission if the timeframe cannot be met, should be included.

Level 1 should be defined to include all inverter-based systems of up to 30kW, with Level 2 for non-inverter systems.

## **Level 2**

Inasmuch as the purpose of the revisions to SB 83 included standardizing and making transparent the interconnection requirements among utilities, in order to encourage net metering, the provision allowing the Company to establish the “technical interconnection requirements” is not adequate. Both in this section and in the “Terms and Conditions for Interconnection” language in 2c., references to the “technical interconnection requirements” should be clarified and spelled out, and reference to the “company’s rules and regulations” should be eliminated.

## **Fees**

As mentioned in the initial response document, no application fee is permissible under the statute. A cap should be placed on the cost of an impact study.

## **Terms and Conditions for Interconnection**

In #1, the requirement to conduct periodic tests and to “show periodic test reports or inspection logs” needs better definition to prevent onerous testing requirements. Consistent with IREC model rule 3.001, no testing or maintenance should be required except that recommended by the system manufacturer.

In #5, language is needed concerning allowable limits of voltage sags or swells, and outside those limits, if the utility causes damage to the customer’s equipment, the utility should be responsible for repair or replacement.

In #6, what is “reasonable” needs definition.

In #7, external disconnect switch requirements are regularly being dropped for small systems nationally. New Jersey doesn’t require them for any systems, Florida doesn’t for under 10 kW, S. Dakota just said no for under 10 kW, PG&E dropped the requirement for residential (and they have the most solar customers in the nation); SMUD did the same (and has thousands of solar customers).

Disconnect switch requirements are unnecessary in practice, since it is atypical for the utility to maintain a list and train the lineworker to check for local DG and going to shut off the DG before working on a line. In practice, line workers don’t bother using the switches because inverters are very reliable and standard lineworker work practices provide a second level of protection. We are unaware of a single instance of an inverter

3. Nevada .....	14.6
4. Colorado .....	12.5
5. New York .....	4.4
6. Arizona .....	2.8
7. Hawaii.....	2.4
8. Connecticut .....	1.8
9. Massachusetts .....	1.4
10. Oregon .....	1.1
All Others .....	5.6

If Kentucky is to increase the use of net metering as contemplated by the General Assembly, the proposed guidelines must be made more transparent, the discretion of the utility to refuse to allow net metering must be contained to cases where the statutory and guideline requirements are not met, and onerous and unnecessary provisions that raise the cost of net metering must be eliminated.

Cordially,

Tom FitzGerald  
for Intervenors Matt Partymiller,  
Joshua Bills, and Andy McDonald

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

INTERCONNECTION AND NET METERING )  
GUIDELINES FOR RETAIL ELECTRIC ) ADMINISTRATIVE  
SUPPLIERS AND QUALIFYING ) CASE NO. 2008-00169  
CUSTOMER-OWNED GENERATORS )

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August 18, 2008 Informal Conference

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Please sign in:  
NAME

REPRESENTING

Rick Bertelson  
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Fereydoon Gorkjian  
Jeffrey Moon  
Daryl Masby  
MATT PARTYMILLER  
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" " "  
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Big Rivers Elec Corp.  
~~Big Rivers~~ Big Rivers, Kenegy, Meade County RECC, Jackson Purchase?  
Ky. Assn. of Electric Cooperatives  
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COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

INTERCONNECTION AND NET METERING )  
GUIDELINES FOR RETAIL ELECTRIC ) ADMINISTRATIVE  
SUPPLIERS AND QUALIFYING ) CASE NO. 2008-00169  
CUSTOMER-OWNED GENERATORS )

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August 18, 2008 Informal Conference
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Please sign in:

Table with 2 columns: NAME and REPRESENTING. Rows include Ginny Smith (PSC - Consumer Services), Ben Jones (Jackson Energy), DAVID GRAHAM (SHELBY ENERGY), CHRIS BREWER (BLUE GRASS ENERGY), MARVIN GRAHAM (INTER-COUNTY ENERGY), David Phelps (Inter County Energy), PAUL DOLLOFF (EAST KENTUCKY), Charlene Creager (EKPC), Ann WOOD (EKPC), CHARLES LILE (EKPL), David E Duvall (Clark Energy), Mike Cobb (Owen Electric Cooperative), Robert Yontz (Kentucky Power Company), Errol K Wagner (KPCo), MARK OVERSTREET (SPH KPCo), Chris Schaefer (KPCo), MICHAEL LEAKE (E.ON-US), Allyson Sturgeon (E.ON US), HOWARD BUSH (E.ON-US), and JIM LEMKE (DUKE ENERGY).



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